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FM AMEMBASSY BANGKOK
TO RUEHC/SECSTATE WASHDC 0214
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 2725
RUEHCN/AMCONSUL CHENGDU 0374
RUEHCHI/AMCONSUL CHIANG MAI 2152
RUEHGZ/AMCONSUL GUANGZHOU 3529
RUEHHK/AMCONSUL HONG KONG 2627
RUEHGH/AMCONSUL SHANGHAI 0045
RUEHSH/AMCONSUL SHENYANG 0306
RUEHIN/AIT TAIPEI 8660

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E.O. 12958: DECL: 07/17/2016

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SUBJECT: ETHNIC-CHINESE THAI IN THE FAR SOUTH: US, CHINA,
AND SOUTHERN VIOLENCE

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Classified By: Political Counselor Susan M. Sutton, reasons 1.4 (B, D)

¶1. (C/NF) SUMMARY. As a southern province with a minority of Muslim Thai, Songkhla is a relative safe-haven for ethnic-Chinese Thai families living in the deep South. But the southern unrest has taken a toll on Hat Yai, the trade capital of Songkhla, where tourism has declined by over fifty percent since 2003. Symbolic of our deteriorated public image in southern Thailand -- when compared to the PRC -- the former US Consulate General in Songkhla now belongs to the Chinese. The theme of distrust and suspicion toward the USG was repeated in Poloff's various meetings with the local business community. Businessmen blame a weak Thai government, the US, and Thailand's southern neighbors for the South's troubles. In contrast, the PRC is seen as a major contributing factor to rising rubber prices, one of southern Thailand's most abundant natural resources, bringing economic benefits to the region. End summary.

ETHNIC-CHINESE THAI IN THE SOUTH

¶2. (C) Poloff visited Songkhla Province as part of AmEmbassy Bangkok's continuous effort to report on ethnic-Chinese Thai and issues related to the southern violence. This is the first of two cables.

¶3. (SBU) As the gateway for trade with the rest of the Southern region, Hat Yai city's population is majority ethnic-Chinese, whose merchant/worker ancestors arrived from various provinces in southern China three to four generations ago. While most of the prominent businesspersons are fluent in both Thai and their native dialect in China, many also speak Mandarin Chinese well enough to hold their meetings with Poloff strictly in Mandarin. Citing the need to do business with Malay-Chinese and Singaporeans as the stimulus for Chinese language-learning, a number of these businessmen have also traveled to China for both ancestor-worship and business dealings.

¶4. (C) There are thirteen separate Chinese associations organized by the province from which their ancestors originated in Songkhla. Curiously, frequent intermarriages among the ethnic-Chinese and the ethnic-Thai do little to dilute their sense of ethnic-Chinese identity. Cai Jing Fu,

President of the Hokkien Chinese Association, explained that the local population considered themselves "foremost Thai", but they also "remembered their roots." Like the others with whom Poloff met, Cai has vastly different Chinese and Thai names that are used depending upon with whom he is associating.

15. (C) Among the thirteen associations, the most active five - Hakka, Tiewchow, Canton, Hokkien, and Hainan - formed "Wu-Shi Hui Guan," a larger organization that brings together the other various Chinese associations to plan disaster relief/charity events as well as cultural festivals. According to Fang Zhi Xiong, President of the Tiewchow Chinese Association, their relationship with the local government is "very close," which bodes well for their businesses.

SOUTHERN VIOLENCE: A BLEAK PICTURE FOR BUSINESSES?

16. (C) Although Songkhla/Hat Yai has witnessed several bombings in the past two years -- including the April 3, 2005 attack on Hat Yai International Airport -- it is still regarded to be relatively safe when compared with the almost-daily violence in the other three provinces of Pattani, Yala, and Narathiwat. As a result, many ethnic-Chinese Thai from those three provinces have sent their families to Hat Yai/Songkhla and even Bangkok for refuge while the heads-of-households remained behind to tend to their businesses by themselves. A number of Hat Yai businessmen also professed that they are considering sending their families to Bangkok, in order to escape "bombing fears." As Mr. Li, Chairman for the Songkhla Chamber of Commerce explained, "my business cannot be uprooted, but my family can."

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17. (C) With safety concerns rising, business in the tourism industry has also plummeted. Zhou De Tao, President of the Canton Chinese Association and the owner of four hotels in the South, lamented that "business dropped by over 50 percent" in the past three years. But at the same time, Chang Mu Fa, President of the Thai-Taiwan Business Association, explained that though tourism may be adversely affected, other export industries -- such as shrimping, lumbering, and food-processing -- remain unaffected. Fang of the Tiewchow Chinese Association agreed, citing that the boom in the rubber industry, since China's "huge demand for rubber to make tires has caused prices to rise ten fold." (Note: Albeit still a sizable increase, rubber prices have only increased by over three-fold since 2001. Fang's exaggerated sentiments, however, are echoed by others in separate meetings. End note.)

THE USUAL SUSPECTS?

18. (C/NF) Suspicion for US interest and involvement in far southern Thailand were evident, and Poloff was met with open suspicion in meetings with various interlocutors. Two of the three individuals from the Songkhla Chamber of Commerce declined to provide Poloff with business cards. When asked how should they be referred, one person replied that he can be addressed as "Mr. Li." The other refused to provide his last name, asking Poloff repeatedly, "Why are you really here?" The same occurred during Poloff's meeting with the various Chinese associations. Fang of the Tiewchow Chinese Association was originally very reluctant to speak to Poloff, wondering of the "real reason" for Poloff's visit to the South. He further declared that he was "just a businessman and did not know very much about politics."

19. (C/NF) However, suspicious as they may be, these

interlocutors were vocal with their views once they began talking. The man who refused to be named offered his own theory on the southern unrest, claiming that it is due to a combination of "corrupt local officials, Singapore and the US." He suspected Singapore to be involved (i.e. funding the insurgency) because "a chaotic South translates into more business opportunities (i.e. lower prices) for them." He also claimed "since the US sees itself as the 'big brother' of the world, it is inciting unrest with plans to step in later in order to enhance its international reputation." He then concluded that all this would not be possible unless there is a "weak Thai government." The Songkhla businessman lamented that the local Thai government is too weak and corrupt, and thus is allowing the violence to occur because "as long as there is violence, there is money to be taken." When asked about the local separatists, "Mr. Li" replied that the "local Muslims are too scattered," and are "dependent on others for funding." He then asked rhetorically, "Why doesn't Malaysia have any bombs?"

MI CASA IS NOW SU CASA

¶10. (C) In a courtesy call to the PRC Consulate General in Songkhla, Poloff was reminded by Chinese Consul Wu Guo Ting that their building housed the US Consulate General until ¶1993. With minimal PRC business interests in the region (Note: China is mainly a rubber consumer and has very little investment in the South. End note.), the Chinese Consulate focuses mainly on providing visas to Thai nationals and Malay-Chinese from across the border. They also furnish travel documents for those ethnic-Chinese who have yet to receive Thai citizenship. Chinese Consul Li Ru Zong explained that the Chinese Consulate does very little political monitoring in the region. (Comment: Despite this claim, both Wu and Li were very well-versed in the political situation in the South and have a strong hold on the local socio-economic pulse. End comment.)

¶11. (C) Wu commented that there is still a strong bond between the local ethnic-Chinese Thai and the PRC, and that most of the ethnic-Chinese Thai are "pro-China," especially when it comes to "the Taiwan issue." But Li reiterated that "China's nature is passive," and "does not invade" others' interests. They see China's economic growth as a "win-win"

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situation for both China and southern Thailand. Wu explained that a "stronger Chinese economy translates into a stronger local economy," and thus leads the locals to "place more importance on China."

COMMENTS: MORE PD OUTREACH?

¶12. (C/NF) While academic institutions were, on the whole, friendlier to Poloff than the local businessmen, US public image in the South is clouded by suspicions over what role the USG may be playing in the southern disturbances. A general sense of antagonism toward US foreign policy was evident. Zhou De Tao of the Canton Chinese Association explained that though both of his children studied abroad in the US, they came home weary of the USG's "insistence on minding other people's business." Quite emotionally, Zhou remarked, "first Iraq and now North Korea, why should anyone listen to you (the US)?"

¶13. (C) Though comments such as these are unsettling, the same people who made these comments also readily agreed to meet with representatives from the US Embassy (and insisted on taking her out to lunch). Whether it's cultural affinity, or growing economic benefit, or both, the local population do refer to the PRC in more favorable terms. Misunderstanding of US foreign policy in the Songkhla/Hat Yai business

community may be due to limited exposure to the broader range of US society, interests, and values. This misunderstanding might be ameliorated by greater public diplomacy outreach efforts in the South, currently concentrated on academe through the American Corners in Pattani and Yala. End Comment.

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